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C88N

F. C. I. News Letter

PUBLISHED BY

The **FEDERAL CROP INSURANCE CORPORATION**

United States Department of Agriculture

January 14

Washington, D. C.

1939

News Letter is designed to inform staff members of developments within the Corporation and is not for general distribution

POLICIES ISSUED APPROACH

100,000 MARK DECEMBER 31 With the close of the calendar year 1939 reports from the three branch offices of the Corporation bring the figure on policies actually issued up to 95,672. From December 16 through December 31 the Kansas City branch issued 21,652 policies, Washington 1,199, and Minneapolis 999. Minneapolis, however, in this same period received 7,409 applications as against 246 for Kansas City and 12 for the Washington branch. The wheat reserve on December 31 stood at 3,313,562 bushels of which 2,922,070 bushels represent the Kansas City area, 363,019 bushels the Minneapolis area, and 28,473 for Washington.

Other figures in the December 31 progress report show that 250,163 applications have been received by the three branch offices, 237,396 premium notices have been issued in 1,203 counties, and that 11,573 premium payments have been received. Missouri still heads the list with 31,685 applications sent to the branch office although reported elsewhere in this issue is the fact that more applications have been written in North Dakota than in any other State but have not as yet reached the branch office.

Cumulative figures are available on the number of premium payments and bushels of wheat represented by them for all states in the Kansas City area through December 30. These figures are as follows:

California, 51 payments, 4,232 bushels; Colorado, 761 payments, 53,478 bushels; Idaho, 187 payments, 20,493 bushels; Illinois, 12,179 payments, 195,203 bushels; Indiana, 11,084 payments, 140,682 bushels; Iowa, 4,568 payments, 65,637 bushels; Kansas, 14,772 payments, 782,231 bushels; Michigan, 5,061 payments, 33,086 bushels; Missouri, 15,947 payments, 220,623 bushels; Nebraska, 12,717 payments, 508,597 bushels; New Mexico, 104 payments, 17,039 bushels; Ohio, 10,276 payments, 144,612 bushels; Oklahoma, 8,579 payments, 268,548 bushels; Texas, 3,670 payments, 428,188 bushels; Utah, 331 payments, 17,600 bushels; Wyoming, 209 payments, 21,821 bushels.

The table on the next page is a combined report of progress for the Corporation through December 31.

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SPRING WHEAT IN NEBRASKA

While Nebraska is not primarily a spring wheat producing State, the state committee writes that they will not overlook any opportunity to give crop insurance coverage to spring wheat growers. Bureau of Agricultural Economics reports indicate that there are possibly 5,000 growers of spring wheat in Nebraska. A definite drive to present the program to these growers is now being planned.

COMBINED REPORT OF BRANCH OFFICES

Through December 31, 1938

| STATE | Applica- tions Received | Premium Notices Issued | Premiums Received | Premiums Received Percent | Policies Issued | Number of Counties |
|------------------------|-------------------------------|------------------------------|----------------------|---------------------------------|--------------------|--------------------------|
| <u>*WASHINGTON BR.</u> | | | | | | |
| Delaware | 170 | 165 | 70 | 42.4 | 68 | 3 |
| Maryland | 1,545 | 1,481 | 856 | 57.7 | 776 | 13 |
| New Jersey | 32 | 2 | 2 | 100.0 | | 1 |
| New York | 813 | 301 | 470 | 58.6 | 379 | 18 |
| Pennsylvania | 3,505 | 3,317 | 1,384 | 41.7 | 1,076 | 26 |
| Virginia | 1,374 | 1,349 | 799 | 59.2 | 721 | 13 |
| West Virginia | 2 | 2 | 1 | 50.0 | 1 | 2 |
| TOTAL | 7,441 | 7,117 | 3,582 | 50.3 | 3,021 | 76 |
| <u>KANSAS CITY BR.</u> | | | | | | |
| Ohio | 25,273 | 24,997 | 10,274 | 41.1 | 9,696 | 88 |
| Indiana | 18,015 | 17,743 | 11,079 | 62.4 | 9,858 | 90 |
| Illinois | 21,877 | 21,587 | 12,162 | 56.3 | 11,385 | 94 |
| Michigan | 9,726 | 9,549 | 5,059 | 52.9 | 4,164 | 40 |
| Iowa | 6,802 | 6,659 | 4,568 | 68.5 | 3,378 | 56 |
| Missouri | 31,685 | 31,339 | 15,947 | 50.8 | 14,138 | 112 |
| Nebraska | 29,103 | 28,574 | 12,711 | 44.4 | 11,206 | 79 |
| Kansas | 26,702 | 26,217 | 14,765 | 56.3 | 12,044 | 105 |
| Oklahoma | 13,274 | 13,164 | 8,579 | 65.1 | 7,822 | 51 |
| Texas | 6,049 | 5,930 | 3,670 | 61.2 | 2,706 | 69 |
| Idaho (South) | 813 | 694 | 186 | 26.8 | 108 | 17 |
| Wyoming | 722 | 681 | 207 | 30.3 | 165 | 10 |
| Colorado | 4,057 | 3,948 | 761 | 19.2 | 545 | 29 |
| New Mexico | 416 | 410 | 104 | 25.3 | 99 | 5 |
| Utah | 715 | 577 | 331 | 57.3 | 230 | 13 |
| California | 190 | 101 | 51 | 50.4 | 22 | 9 |
| TOTAL | 195,419 | 192,170 | 100,454 | 52.2 | 87,566 | 867 |
| <u>MINNEAPOLIS BR.</u> | | | | | | |
| Wisconsin | 228 | 223 | 150 | 67.2 | 133 | 14 |
| Minnesota | 10,486 | 9,193 | 2,936 | 31.9 | 2,323 | 62 |
| North Dakota | 19,574 | 14,858 | 1,290 | 8.6 | 601 | 52 |
| South Dakota | 10,999 | 9,677 | 1,148 | 11.8 | 788 | 64 |
| Montana | 3,161 | 2,473 | 1,077 | 43.5 | 589 | 37 |
| Idaho (North) | 1,294 | 1,057 | 533 | 50.4 | 426 | 8 |
| Washington | 932 | 696 | 201 | 28.8 | 127 | 13 |
| Oregon | 629 | 432 | 202 | 46.7 | 98 | 10 |
| TOTAL | 47,303 | 38,609 | 7,537 | 19.5 | 5,085 | 260 |
| WASHINGTON TOTAL | 7,441 | 7,117 | 3,582 | 50.3 | 3,021 | 76 |
| MINNEAPOLIS " | 47,303 | 38,609 | 7,537 | 19.5 | 5,085 | 260 |
| KANSAS CITY " | 195,419 | 192,170 | 100,454 | 52.2 | 87,566 | 867 |
| COMBINED TOTAL | 250,163 | 237,896 | 111,573 | 46.8 | 95,672 | 1,203 |

*As of December 30, 1938

LEROY K. SMITH IS NAMED

NATIONAL MANAGER OF FCIC The Board of Directors of the Federal Crop Insurance Corporation announced December 30 the formal appointment of Leroy K. Smith as manager of the Corporation. Mr. Smith has been acting manager of the Corporation since August 1 following his experience in its organization and operation from the time it was established last spring, serving first as coordinator with the AAA, then as chief of the operating section.

A Department of Agriculture press release on Mr. Smith's appointment says, in part, "The new manager has had a long experience in the wheat industry and as an official in the Federal programs for agriculture. Since 1920 he has been a resident of Lamar, Chase County, Nebr., where he operates a wheat farm. In 1933 he served as chairman of the Nebraska State Grain Board, and from 1936 to 1938 was a member of the Nebraska State Agricultural Conservation Committee, coming to Washington in April of 1938 to take up his duties with the AAA and Federal Crop Insurance Corporation."

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JANUARY 31 IS DEADLINE

FOR INSURANCE PREMIUMS January 31 has been set as the deadline for receipt of premium payments in 13 wheat-growing states distributed throughout all three branch office areas of the Corporation. The states involved are Arizona, California, Delaware, Idaho, Maryland, Nevada, New Jersey, New York, Oregon, Pennsylvania, Washington, Virginia, and West Virginia. Virtually all of the wheat growers in these states who have applied for insurance have received notices of premiums due in order for them to put their policies into force.

The January 31 deadline applies to those applicants for whom the final date for submitting applications was September 30 and November 30. The only exception to this deadline will be in the case of growers whose premium notices carry a date of expiration that is later than January 31. In these cases the final date stated on the premium notice will prevail, after which county offices are instructed not to receive wheat or cash equivalent premium payments from applicants.

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NEW POSTER WILL SOON GO

TO SPRING WHEAT STATES Within the next 10 days a new poster entitled "Be Sure -- Insure Your Wheat Crop" will be off the press and ready for distribution. This poster is 16 x 21 inches in size, printed in two colors of ink on yellow poster stock. It is not intended to replace the earlier poster entitled "Crop Failures Don't Worry Me," but to further the effect of that poster and for display in places not large enough to accommodate the earlier 22 x 32 inch card.

An initial supply of these posters will be sent to State committees in all of the spring wheat states where there is still time for farmers to make application for insurance and to pay premiums. County committees will receive copies of the new poster from their State committees with instructions for posting in desirable places.

CANADIAN WHEAT FARMERS

MAY FOLLOW FCIC PLAN

A recent letter from the president of a unit of the United Farmers of Manitoba, Canada, indicates that the crop insurance plan now in operation in the United States has received favorable recognition from our neighbors across the Canadian border. The letter, directed to the Secretary of the Corporation, and signed by Gordon McLaren, President, Sorires District, United Farmers of Manitoba, Pipestone, Manitoba, Canada, follows:

"Dear Sir:

"I am writing to ask you to mail full particulars of the Crop Insurance plan your Corporation now offers American farmers.

"Our organization, the United Farmers of Manitoba, has been interested in Crop Insurance for five years and we have at last succeeded in having Mr. McDonald (who is a member in the Canadian House of Commons for Sorires District) give notice that he will move for a Select Committee of the House to investigate the whole matter of Crop Insurance during the coming session. If you will be kind enough to mail full information to Mr. McDonald regarding your Crop Insurance plan I know it will help him understand the question so he can explain the matter to his fellow members.

"From time to time your Department of Agriculture has mailed me full particulars of your plan. After investigating all other proposed plans for Crop Insurance I am convinced that your plan with modifications to suit Canadian conditions could be carried out with advantage to our wheat farmers in Western Canada."

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PROGRESS RATINGS GIVEN

FOR 10 HIGHEST COUNTIES

For county records on Federal Crop Insurance, Nebraska has ranked first for number of applications and premium payments. Iowa has ranked first for high percentage of applications converted into policies. Texas has ranked first for largest county acreage insured. Kansas, Ohio, and Delaware are the only states in which every county has some insured wheat. Data on the top county records of the leading ten states for winter wheat crop insurance are as follows:

Saunders County, Nebr., 1,851 applications; 940 premiums paid; percentage of applications paid, 50.8; Lafayette County, Mo., 1,215 applications; 829 premiums paid; percentage paid, 68.2; Sangamon County, Ill., 1,008 applications; 733 premiums paid; percentage paid, 72.7; Brown County, Kans., 857 applications; 720 premiums paid; percentage paid, 84; Washita County, Okla., 949 applications; 598 premiums paid; percentage paid, 63; Montgomery County, Iowa, 621 applications; 548 premiums paid; percentage paid, 88.2; Ottawa County, Mich., 648 applications; 483 premiums paid; percentage paid, 74.5; Randolph County, Ind., 529 applications; 444 premiums paid; percentage paid, 83.9; Stark County, Ohio, 649 applications; 372 premiums paid; percentage paid, 57.3; Floyd County, Tex., 319 applications; 260 premiums paid; percentage paid, 81.5. From the standpoint of acres insured, Floyd County is first on the list. The 260 premiums paid in Floyd County, Tex., represent 40,000 acres of wheat, making the average acreage per policy more than 153 acres.

SUPERVISOR GRAHAM PRESENTS

CROP INSURANCE DATA, IDEAS A progress report on what has been accomplished in Roger Mills County, Okla., presents some facts that would seem to be of striking and general interest.

On November 19, the closing date for premium payments, 84 crop insurance applicants in the county had paid their premiums. These applications represent approximately a total of 3,562 insured acres; 27,071 bushels insured production; 4,274 bushels paid in as premiums, the money value of which was \$2,134.95; average acreage per application 42.4 acres, with the average insured production per application 322.2 bushels. The average amount paid per application was \$25.41; in bushels, the average premium was 50.9; 10.2 bushels per acre was the average adjusted yield ranging from 7.2 to 16.2; 7.6 bushels was the average insured production; premiums per acre for the county averaged 1.2 bushels. The lowest premium paid per acre for 75 percent coverage was .60 bushel, the highest 1.80, but 76 percent of all premiums paid were for more than 1 bushel an acre. More than 44 percent of all applications written matured into policies.

The report states that "Inquiries concerning Federal Crop Insurance seem to be as numerous as before the closing date (Nov. 19). We have had several with reference to insuring cotton for this coming year. "At the beginning it was anticipated that this county would have 200 applications and 100 paid-up policies. This mark was not quite reached but our policies are well distributed over the county and another year these policies will be 84 of the best selling representatives we could have. The man who was sold on crop insurance before he made application, has, in most cases paid his premium, whereas the man who was urged just to make application (in the final rush) has not. We should make our plans for 1940 and definitely sell Federal Crop Insurance every day of the year. . . ."

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PLANS FOR ADJUSTMENT

NOW IN THE SPOTLIGHT Forms and procedure to be used in the adjustment and settlement of crop loss of insured farmers are currently occupying the attention of the Washington office, with prospects that the entire plan will soon be in the hands of state and county crop insurance workers.

Tom C. Allington, former State supervisor in Nebraska and now engaged in crop loss adjustment work, stressed these as important points in the plan:

1. Adjustments will be handled under a simple and practical plan by county ACP committees and county FCI supervisors, under the direction of State committees and supervisors.
2. Adjustment of losses on farms will go into operation as soon as they are reported, and an accurate calculation of the amount of loss for the farm can be made.
3. The Corporation plans to pay indemnities to farmers who suffer crop losses as promptly as possible after satisfactory proof of loss has been completed.

WHAT IS INSURANCE ?

Lloyds of London

No discussion of insurance, from a historical standpoint or otherwise, would be complete without some reference to Lloyds of London. Near the close of the seventeenth century one Lloyd opened a coffee house in Abchurch lane, in London, which became a gathering place for merchants and others engaged in the shipping trade. Some of these merchants made a practice of underwriting insurance and the place soon became identified with them and their business. In 1696 the proprietor started a newspaper called "Lloyds News" which had for its object the dissemination of commercial news, but departing from this field and printing certain proceedings of the house of lords, it fell under the displeasure of that body and was suppressed. In 1726 the paper was revived under the name of "Lloyds Lists" and under that name became famous in the commercial world.

Later these merchants who were in the habit of meeting at Lloyds to transact their business formed themselves into a society and adopted certain rules for their government. Soon after this organization went into effect the society adopted a form of policy known as Lloyds policy which is the basis of the policy now largely in use in England and America. The system was to pass among the merchants at the coffee house a proposed policy, and each individual who cared to do so wrote his name on it for the amount of risk he was willing to assume. Finally, in 1871, the "Society of Lloyds" was incorporated, and it still exists as one of the world's largest commercial enterprises.

For many years Lloyds was concerned only with marine risks, but with the development of inland commerce their scope has broadened greatly. In fact you can now insure at Lloyds for everything except life, and even that may be insured for a period not exceeding one year.

Growth of Insurance Other Than Marine

The earliest English life insurance company was organized in 1706 under the name of the Amicable Society for a Perpetual Assurance Office. The plan was very simple in that only those persons between the ages of 12 and 55 were admitted, and all were required to make a fixed yearly contribution which was divided among the representatives of those who died. The earliest English stock company was organized in 1710, although a similar business had been going on in London as early as 1681. The modern system of life insurance very likely began with the Equitable Assurance Society of London which started business in 1762. Shortly after this, in 1769, a company was organized in Pennsylvania for the purpose of providing protection for the families of Presbyterian clergymen.

The first American insurance company was the Philadelphia Contributorship for Insuring Houses from Loss by Fire, which was incorporated by Benjamin Franklin and his associates in 1762. The first reported court case on insurance in this country was *Lord v. Dall*, decided by the supreme court of Massachusetts in 1809 in which it was held that life insurance contracts were valid although not authorized by statute. The principle of mutual insurance is of very ancient origin. The fundamental principles of crop insurance can readily be connected with the ancient guilds and friendly societies. The first accident insurance company was organized in London in 1849 and the practice of insuring real estate titles began in 1876. Now, insurance can be taken out against practically every conceivable risk -- from the merchant's ever-present perils of the sea to the equally constant perils of growing wheat.

PREMIUM PAYMENTS INCREASE

WITH GOOD CROP CONDITIONS

Preliminary analyses of Kansas policies issued by the Federal Crop Insurance Corporation from its Kansas City Branch are being made, Branch Manager W. A. Talbot said last week. These analyses show that the highest percentage of applicants to pay for their policies usually are found in counties where the wheat is in best condition.

For instance, in a number of eastern and central Kansas counties, where planting conditions were favorable -- like Brown, Cloud, Dickinson, Lyon, Marshall, and Nemaha -- from 76 to 84 percent of the applicants have obtained policies. Compared with this record, Mr. Talbot points out that the percentage of applicants in western Kansas who paid their premium notices and obtained policies, is very low.

A tabulation of the records for 24 southwestern counties (including all those in the Kansas part of the former "Dust Bowl") shows that policies have been issued to only about 27 percent of the applicants -- or about one-third of the percentage of policies issued in counties where wheat conditions have been favorable. This low percentage out west almost wholly is due to the higher premium rates and a relative lack of money and credit in that region. These facts fit into the picture for the whole State, in which about 55 percent of the applicants have paid for and received their policies.

Kansas still ranks first in the number of insured acres. It also is first for the amount of wheat (bought with premium payments) which it has stored in the Federal Crop Insurance Corporation reserve, from which indemnities are paid, as losses occur and are adjusted. For number of premium payments made, however, Kansas still is second to Missouri, which leads the nation with 15,761 paid-up policies.

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S TATE
SUPERVISOR
KETCHES

Jess Alton, recently appointed state crop insurance supervisor for Iowa, has had a long experience in both selling and farming.

Born August 30, 1890, in Hancock, Ill., and reared on a farm in Harrison County, Iowa, he sold groceries to get through high school, and worked his way through college selling correspondence school courses. He possesses a B. S. degree from Midland and a degree in accounting from Boyles College. Mr. Alton's vocational activities include a time as railway mail clerk, auditing for Farmers Cooperative Elevators for eight winters, consolidated school board president for four years, local cooperative director for 22 years concurrently with management and operation of his own farm. From December 1933 up to the time of his appointment in December as Iowa State Supervisor he was a fieldman in the Iowa Agricultural Conservation Program. By way of avocations Mr. Alton has silvicultural and piscatorial proclivities.

Latest available figures indicate that nearly 7,000 wheat growers of the great corn State of Iowa have applied for wheat crop insurance on their 1939 crop. Four thousand six hundred and twenty-one premiums were received in response to 6,652 premium notices issued, 69.5 percent, which is about three points higher than any other state from the percentage standpoint. Nearly 3,000 applications have matured into policies insuring nearly 60,000 acres for an insured production of over a million bushels.

NORTH DAKOTA HEADS LIST

FOR APPLICATIONS WRITTEN North Dakota jumped into the lead for states having the largest number of crop insurance applications last week with the writing of the largest single North Dakota application covering 1,593 acres. Total applications written in North Dakota as of December 22, 1938, numbered 34,465, topping its nearest competitor, Missouri, by 2,791. Earlier transmittal of applications by other spring wheat states has prevented issuance of premium notices and policies by the Minneapolis branch office in a corresponding volume, however, State Supervisor W. D. Gorman explained.

The largest single application is that for the McCanna Farming Company of McCanna, N. Dak., in Grand Forks County. It is for 75 percent coverage on 1,593 acres. The owners insured 200 acres of durum wheat and 1,393 acres of other spring wheat for a total premium cost of 1,433 bushels and 40 pounds of wheat. The cash equivalent of the premium was \$777. The insured production is 13,262 bushels of wheat. This contrasts with the farm's total yield of 7,000 bushels in 1934, 13,126 bushels in 1935, and 7,339 bushels in 1936. Production in 1937 amounted to 30,000 bushels but dropped to 26,000 bushels in 1938.

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NEZ PERCE COUNTY, IDAHO

FACES GRASSHOPPER THREAT All-risk crop insurance, John P. Mix, state crop insurance supervisor for Idaho, pointed out last week, is a positive means of offsetting crop losses from grasshoppers in Nez Perce County in 1939. He renewed emphasis on the protection crop insurance affords growers following warnings issued by Dr. W. E. Shull, University of Idaho entomologist. Dr. Shull said surveys showed that Nez Perce County is faced with one of the largest and most serious grasshopper problems in the State in 1939.

Up to December 16, Mr. Mix said, 225 farmers in that county had applied for crop insurance. Most of these applications were made before disclosure of Dr. Shull's findings whose statement was based on the egg survey made in the fall of 1938 in cooperation with the United States Bureau of Entomology and Plant Quarantine.

Not all of the applications have yet been received by the Minneapolis Branch Office and about one-third of those received have matured into policies. Policies issued in Nez Perce County number 51, which is about one-seventh of the 342 policies issued in Idaho.

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The W-A-3 and W-C-2 Projects are well under way in the Statistical Unit of the Kansas City office. These projects are tabulations by counties, taken from all the applications from each State. The tabulations for Kansas, Missouri, and Idaho have been completed and sent to Washington. The other states will follow upon completion of rechecking against records.